weekly economic review

September 20, 2013

Manufacturing Shipments

Manufacturing increases for third straight month

Shipments are recovering after a soft dip in March and April, due in large part to refineries coming back on-line after scheduled maintenance and higher prices. Overall, manufacturing shipments increased 2.9% year-over-year (y/y) in July, with non-durable goods (+8.8%) offsetting a slide in durables. Non-durable growth was the result of petroleum & coal products 13.0% y/y and chemical manufacturing's 21.5% increase.

Job Vacancies

Labour market pressures stablize

Alberta's job vacancy rate, the number of vacant positions as a share of labour required (jobs and unfilled jobs), averaged 2.4% between April and June. The rate has held steady this year, but remains the highest among the provinces and well above the national rate of 1.5%. The vacancy data, combined with Alberta's low but fairly stable unemployment rate, suggests that Alberta's labour market is tighter than the national labour market, but has not tightened much this year. Over the same period, there were 2.4 unemployed people for every job opening in Alberta, much lower than the national average of 6.3.

New Motor Vehicle Sales

Auto sales maintain momentum

The number of new vehicles sold in Alberta continued to trend sharply higher. There were 22,869 vehicles sold in July, up 6.5% year-over-year, the fourth month of increases. About three quarters of these sales were trucks (including SUVs and vans). Nationally, vehicle sales were also up sharply, by 6.8% year-over-year.

Resale Housing Market

Home prices accelerate; Alberta remains in a seller's market

The average price for an existing home in Alberta was $387,892 in August, up 6.8% from August 2012. This represents the largest increase since May 2010. The year-over-year increase was largely due to an 8.0% price gain in Calgary.

Sales of existing homes in Alberta were up an impressive 18.6% year-over-year to 5,881, the third highest sales figure on record for the month of August. The surge in sales combined with modest growth in new listings pushed the sales-to-new listings ratio up to 0.67, the highest rate since 2009 (a ratio above 0.60 indicates seller's market conditions). The national resale home market also posted strong numbers in August: sales increased 12.2%, and prices increased 7.3%, year-over-year.

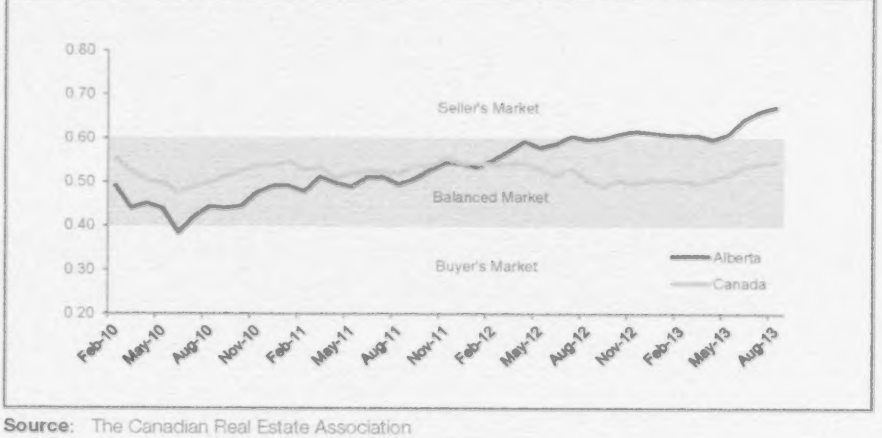
Consumer Price Index (CPI)

Inflation dips

Inflation in Alberta dropped to 1.4% in August from 2.2% in July. August's rate was brought down by slower price growth for vehicles, natural gas and electricity. Inflation excluding food and energy was 1.6% in August down from 1.9% in July.

Canada's inflation rate dropped 0.2 points to 1.1% in August. The core inflation rate, which strips out volatile components and is used by the Bank of Canada to gauge inflationary pressures, remained subdued at 1.3%.

Sales-to-New Listing Ratio



Source: The Canadian Real Estate Association

Closing Price	Sept. 12, 2013	Sept. 19, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	96.90	97.68	96.99
WTI Oil ($US/bbl)	108.60	106.39	99.81
NYMEX Natural Gas($US/MMBtu)	3.64	3.72	3.80

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Alberta Economic Indicators

Population	2011	2012	2013YTD	Mar	Apr	May	June	July	Aug
Population (000's)	3,778	3,874	3,965	..	3,965	..	..	..	..
y/y % change	1.5	2.5	3.2	..	3.2	..	..	..	..
Net Interprovincial Migration[1]	8,443	28,170	38,886	..	13,438	..	..	..	..
Net International Migration[1]	16,703	37,990	30,779	..	13,674	..	..	..	..
Net Non-permanent Residents[1]	-7,604	9,721	9,762	..	6,949	..	..	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,169	2,168	2,183	2,201	2,201	2,217	2,232
y/y % change	3.8	2.7	2.3	1.7	1.9	2.3	2.6	3.0	3.6
Unemployment Rate (%), SA	5.5	4.6	4.6	4.8	4.4	4.8	5.0	4.5	4.8
Participation Rate (%), SA	73.7	73.4	72.9	72.6	72.5	73.3	73.1	73.0	73.6
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,103.73	1,098.08	1,099.83	1,119.34	1,109.80	..	..
y/y % change	4.4	3.6	4.0	3.4	3.5	5.4	3.9	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.4	1.2	1.3	2.3	2.3	2.2	1.4
Excluding food and energy	0.8	1.4	1.3	1.2	0.9	1.1	1.6	1.9	1.6
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.1	1.4	..	..	0.9	..	..
Farm Product Price Index (y/y % change)	18.1	6.3	4.9	4.4	4.9	5.9	5.3	..	..
Crops	19.0	6.7	8.0	9.3	7.0	7.2	5.9	..	..
Livestock	17.2	5.9	2.2	0.2	2.9	4.8	4.7	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.5	33.3	35.1	35.1	39.8	42.4	38	33.7	26.9
y/y % change	-5.0	30.7	7.3	-1.0	0.3	26.4	12.4	1.4	-7.9
New Housing Price Index[2] (y/y % change)	0.4	1.3	2.6	2.4	2.5	2.7	2.9	3.0	..
Edmonton	0.9	0.9	0.8	0.6	0.4	0.2	0.6	0.6	..
Calgary	0.1	1.7	4.7	4.3	4.7	5.3	5.3	5.8	..
NEW: MLS Average Resale Prices ($ 000's)	352.7	362.0	377.7	378.0	376.8	375.6	376.5	378.7	367.9
y/y % change	0.5	2.6	4.9	5.8	4.0	2.9	4.4	4.9	6.8
Edmonton ($ 000's)	324.2	332.7	341.7	342.3	345.9	339.6	344.7	340.4	347.3
y/y % change	0.7	2.6	2.9	3.3	4.7	1.1	3.7	2.9	4.1
Calgary ($ 000's)	401.9	410.8	433.3	435.2	425.4	424.8	431.0	438.7	441.8
y/y % change	1.1	2.2	6.4	7.6	3.5	2.6	5.3	6.8	8.0
Retail Sales, SA (y/y % change)	6.8	6.9	6.5	5.1	6.8	7.3	7.7	..	..
NEW: New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.6	-0.1	19.7	7.0	3.4	6.5	..
Consumer Bankruptcies	7,029	5,759	2,566	429	464	434	375	..	..
y/y % change	-13.8	-18.1	-18.5	-21.5	-11.3	-15.7	-22.5	..	..
Business Sector									
Rigs Drilling	286	250	230	306	115	88	115	187	269
y/y % change	30.4	-12.6	-7.4	-9.5	-18.2	0.3	-17.3	-5.7	7.0
Goods Exports, customs based (y/y % change)	18.4	1.8	2.1	0.0	1.0	11.6	-0.5	13.7	..
Energy	19.2	2.1	2.1	1.4	-2.4	12.3	0.4	17.1	..
Farm, Fishing and Intermediate Food	27.2	20.6	0.7	5.4	6.4	7.1	-16.0	5.8	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	9.3	..	..	..	..	..
NEW: Manufacturing Shipments, SA (y/y % change)	17.3	3.4	-0.6	3.6	3.6	1.1	4.0	2.9	..
NEW: Wholesale Trade, SA (y/y % change)	14.7	10.9	2.4	2.6	-0.2	0.6	1.4	2.8	..
Building Permits, SA (y/y % change)	11.8	14.7	22.9	38.6	11.4	1.2	21.6	50.1	..
Residential	5.2	17.7	17.9	14.6	18.4	12.3	16.6	29.8	..
Non-residential	20.9	11.0	30.4	72.1	5.1	12.0	28.5	78.0	..
Business Bankruptcies	264	230	71	12	15	11	9	..	..
y/y % change	-30.2	12.9	-47.0	-36.8	-25.0	-60.7	-59.1	..	..

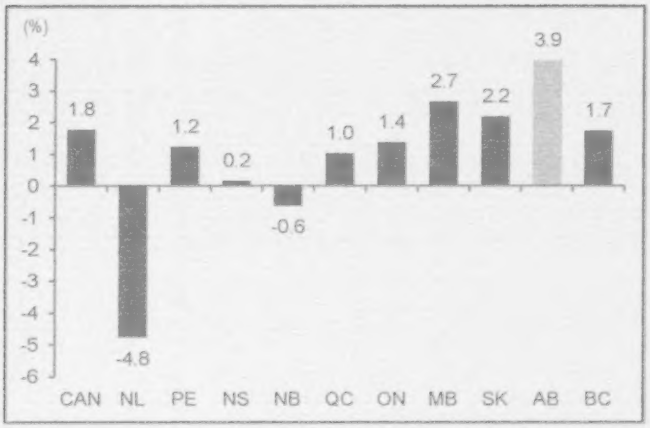
1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

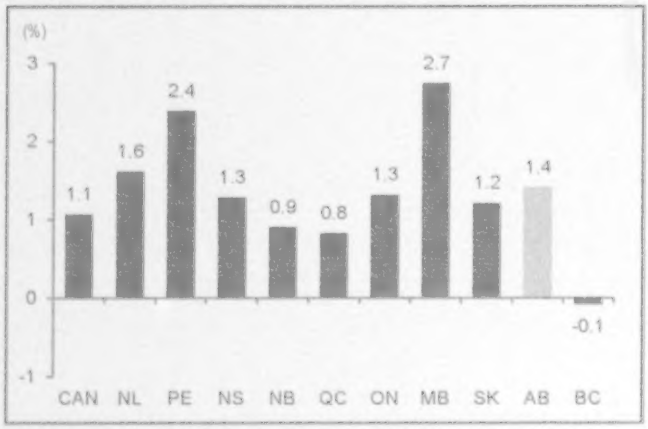
All historical data are subject to revision.

Economic Indicators by Province

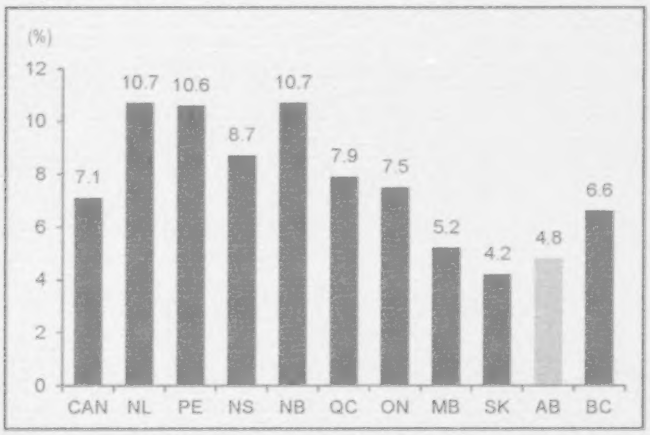
Real GDP by Industry
(2012, year-over-year growth)



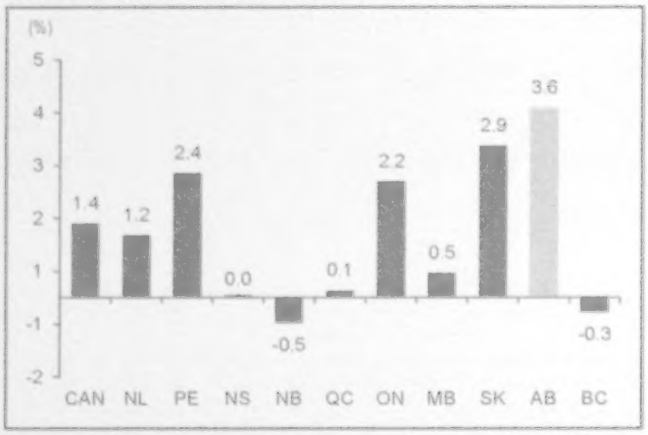
CPI Inflation
(August 2013, year-over-year growth)



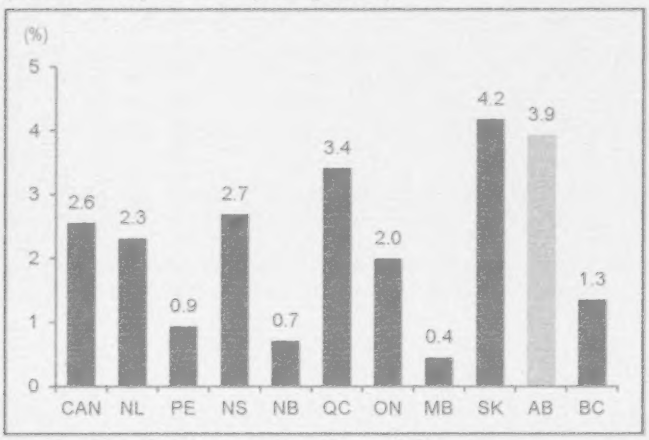
Unemployment Rate
(August 2013)



Employment
(August 2013, year-over-year growth)



Average Weekly Earnings
(June 2013, year-over-year growth)



Housing Starts
(August 2013, SAAR, year-over-year growth)